

PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No.143717) (*admitted pro hac vice*)
John A. Morris (NY Bar No. 24065397) (*admitted pro hac vice*)
Gregory V. Demo (NY Bar No. 5371992) (*admitted pro hac vice*)
Hayley R. Winograd (NY Bar No. 5612569) (*admitted pro hac vice*)
10100 Santa Monica Blvd., 13th Floor
Los Angeles, CA 90067
Telephone: (310) 277-6910
Facsimile: (310) 201-0760

HAYWARD PLLC

Melissa S. Hayward
Texas Bar No. 24044908
MHayward@HaywardFirm.com
Zachery Z. Annable
Texas Bar No. 24053075
ZAnnable@HaywardFirm.com
10501 N. Central Expy, Ste. 106
Dallas, Texas 75231
Tel: (972) 755-7100
Fax: (972) 755-7110

Counsel for Highland Capital Management, L.P.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

HIGHLAND CAPITAL MANAGEMENT, L.P.,¹

Reorganized Debtor.

§
§
§
§
§
§

Chapter 11

Case No. 19-34054-sgj11

**STIPULATION AND PROPOSED ORDER RESOLVING HIGHLAND CAPITAL
MANAGEMENT, L.P.'S MOTIONS TO (A) STRIKE LETTERS ATTACHED TO
APPENDIX IN SUPPORT OF THE DONDERO PARTIES' SUPPLEMENTAL
RECUSAL MOTION [DOCKET NO. 3446], OR, (B) ALTERNATIVELY, TO COMPEL
THE LAWYERS' DEPOSITIONS [DOCKET NO. 3449]**

¹ The last four digits of Highland's taxpayer identification number are 8357. The headquarters and service address for Highland is 100 Crescent Court, Suite 1850, Dallas, TX 75201.



This *Stipulation and Proposed Order Resolving Highland Capital Management, L.P.’s Motions to (A) Strike Letters Attached to Appendix in Support of the Dondero Parties’ Supplemental Recusal Motion [Docket No. 3446], or, (B), Alternatively, to Compel the Lawyers’ Depositions [Docket No. 3449]* (the “Stipulation”) is entered into between Highland Capital Management, L.P., the reorganized debtor (the “Reorganized Debtor”), on the one hand, and James Dondero, Highland Capital Management Fund Advisors, L.P., NexPoint Advisors, L.P., The Dugaboy Investment Trust, Get Good Trust, and NexPoint Real Estate Partners, LLC, f/k/a HCRE Partners, LLC (collectively, the “Dondero Parties” and together with the Reorganized Debtor, the “Parties”) on the other.

RECITALS

WHEREAS, on March 18, 2021, the Dondero Parties filed their motion to recuse this Court pursuant to 28 U.S.C. § 455 [Docket Nos. 2060, 2061, 2062] (the “Recusal Motion”);

WHEREAS, on March 22, 2021, this Court entered its order denying the Recusal Motion [Docket No. 2083] (the “Recusal Order”). The Dondero Parties appealed the Recusal Order to the U.S. District Court for the Northern District of Texas (the “District Court”);

WHEREAS, on February 9, 2022, the District Court entered its *Memorandum Opinion and Order* [D. Ct. Docket No. 39]² (the “February Order”);

WHEREAS, on July 20, 2022, the Dondero Parties filed their supplement to the Recusal Motion in this Court [Docket Nos. 3405, 3406] (the “Supplemental Motion”) seeking (a) entry of a final, appealable order and (b) to supplement the record with the documents included in the appendix to the Supplemental Motion [Docket No. 3406-1] (the “Appendix”);

² “D. Ct. Docket No.” refers to the docket maintained by the District Court in *James Dondero, et al. v. Honorable Stacey G.C. Jernigan, et al.*, Case No. 3:21-cv-00879-K (N.D. Tex.).

WHEREAS, on August 15, 2022, Highland filed its objection to the Supplemental Motion [Docket No. 3444] and its appendix in support thereof [Docket No. 3445]. Highland also moved to strike [Docket No. 3446] (the “Motion to Strike”) exhibits 35, 36, and 37 from the Dondero Parties’ Appendix (the “UST Letters”) or, alternatively, to compel the depositions of certain lawyers [Docket No. 3449] (the “Motion to Compel”); and

WHEREAS, the Parties wish to fully and finally resolve the Motion to Strike and the Motion to Compel in accordance with the terms set forth below.

NOW, THEREFORE, in consideration of the above recitals and the promises set forth below, the Parties agree and stipulate as follows:

STIPULATION

1. The Dondero Parties’ agree to withdraw the UST Letters from the Appendix.
2. Contemporaneously with the filing of this stipulation, the Dondero Parties will file (a) an amended appendix (the “Amended Appendix”) excluding the UST Letters (exhibits 35, 36 and 37) and (b) an amended Supplemental Motion that deletes the entirety of footnote 26 beginning and continuing after the words “Indeed, lack of transparency . . .” (the “Amended Supplemental Motion” and together with the Amended Appendix, the “Required Filings”).
3. The Parties agree that upon the filing of the Required Filings by the Dondero Parties, the Motion to Strike and Motion to Compel will be moot and Highland will be deemed to have withdrawn the Motion to Strike and Motion to Compel. Highland will file a notice that it is withdrawing the Motion to Strike and the Motion to Compel within one (1) business day after the Court enters an order in the form annexed hereto as **Exhibit A**.
4. The Dondero Parties agree that they shall not cite to, quote, or rely upon the UST Letters in connection with any further proceedings concerning the Recusal Order or the Amended

Supplemental Motion (including in connection with any appeal of any Order entered with respect to the Amended Supplemental Motion).

5. This Stipulation is and will be binding on Highland and each of the Dondero Parties' predecessors, successors, transferees, and assigns.

6. This Stipulation fully resolves the Motion to Strike and Motion to Compel. Except as expressly provided herein, nothing herein resolves the Supplemental Motion or the Amended Supplemental Motion or otherwise affects Highland's objection to the Supplemental Motion which shall hereafter be deemed to be an objection to the Amended Supplemental Motion.

7. This Court shall have and retain jurisdiction over all disputes arising out of or otherwise concerning the interpretation and enforcement of this Stipulation.

[Remainder of Page Intentionally Blank]

IT IS SO STIPULATED:

Dated: August 26, 2022

/s/ John A. Morris

PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No. 143717) (*pro hac vice*)

John A. Morris (NY Bar No. 266326) (*pro hac vice*)

Gregory V. Demo (NY Bar No. 5371992) (*pro hac vice*)

10100 Santa Monica Blvd., 13th Floor

Los Angeles, CA 90067

Telephone: (310) 277-6910

Facsimile: (310) 201-0760

HAYWARD PLLC

Melissa S. Hayward (TX Bar No. 24044908)

MHayward@HaywardFirm.com

Zachery Z. Annable (TX Bar No. 24053075)

ZAnnable@HaywardFirm.com

10501 N. Central Expy, Ste. 106

Dallas, TX 75231

Telephone: (972) 755-7100

Facsimile: (972) 755-7110

Counsel for Highland Capital Management, L.P.

/s/ Michael J. Lang

Texas State Bar No. 24036944

CRAWFORD, WISHNEW & LANG PLLC

1700 Pacific Avenue, Suite 2390

Dallas, Texas 75201

Telephone: 214-817-4500

E-mail: mlang@cw1.law

Counsel for the Dondero Parties

EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

HIGHLAND CAPITAL MANAGEMENT, L.P.,¹

Reorganized Debtor.

§
§
§
§
§
§

Chapter 11

Case No. 19-34054-sgj11

**ORDER APPROVING STIPULATION RESOLVING HIGHLAND CAPITAL
MANAGEMENT, L.P.'S MOTIONS TO (A) STRIKE LETTERS ATTACHED TO
APPENDIX IN SUPPORT OF THE DONDERO PARTIES' SUPPLEMENTAL
RECUSAL MOTION [DOCKET NO. 3446], OR, (B) ALTERNATIVELY, TO COMPEL
THE LAWYERS' DEPOSITIONS [DOCKET NO. 3449]**

Upon consideration of the *Stipulation and Proposed Order Resolving Highland Capital Management, L.P.'s Motions to (A) Strike Letters Attached to Appendix in Support of the Dondero Parties' Supplemental Recusal Motion [Docket No. 3446], or, (B), Alternatively, to*

¹ The last four digits of Highland's taxpayer identification number are 8357. The headquarters and service address for Highland is 100 Crescent Court, Suite 1850, Dallas, TX 75201.

Compel the Lawyers' Depositions [Docket No. 3449] (the "Stipulation")² filed in the above-captioned case, it is **HEREBY ORDERED THAT:**

1. The Stipulation, a copy of which is attached hereto as **Exhibit A**, is approved.
2. The Parties are ordered to comply with their respective obligations set forth in the Stipulation.
3. This Order and the Stipulation are and will be binding on the Highland and the Dondero Parties' predecessors, successors, transferees, and assigns.
4. This Court shall have and retain jurisdiction over all disputes arising out of or otherwise concerning the interpretation and enforcement of this Order and the Stipulation.

END OF ORDER

² All capitalized terms used but not defined herein have the meanings given to them in the Stipulation.